ORDER No. 67-821 OF THE 23RD SEPTEMBER 1967
on economic interest groups (G.I.E.) [amended]
(Official Journal, 28th September 1967, p. 9537)

First Clause (*law n° 89-377 of 13th June 1989. cl.14*) - Two or more physical persons or bodies corporate may set up an economic interest group between them for a fixed term.

The purpose of the group is to facilitate or to develop the economic activity of its members, of improving or increasing the results of this activity; it is not that of realising profits for itself.

Its activity must be linked to the economic activity of its members and cannot have a subsidiary character with regard to this.

First clause - 1 (*law n° 89-377 of 13th June 1989. cl. 15*) - Persons carrying out a profession which is subject to a particular legal or regulatory status or whose position is protected may constitute an economic interest group or take part therein.

Cl. 2 (*law n° 89-377 of 13th June 1989. cl. 16*) An economic interest group may be constituted without any capital.

(*Order n° 67-821 of the 23rd September 1967*) The rights of its members may not be represnted by negotiable instruments. Any clause tot he contrary shall be deemed not to be written.

Cl.3 - An economic interest grouping enjoys corporate status and has full ability to date its registration at the company and commercial registry without this registration implying a commercial nature for the grouping. (*law n° 89-377 of 13th June 1989. cl. 17*) An economic interest group whose purpose is commercial may make any commercial actions habitually and as its main activity. It may hold a commercial lease.

(*law n° 89-377 of 13th June 1989. cl. 18*) The persons who have acted on behalf of an economic interest group which is in the process of formation before it has acquired enjoyment of corporate status shall be held responsible, jointly severally and indefinitely for any deeds thus made, unless the group, after having been correctly constituted and registered, takes up the undertakings made. Such undertakings shall then be deemed to have been made by the group from their origin.

Cl.3-1 (*law n° 89-377 of 13th June 1989. cl.19*). An economic interest group, together with its deeds and resolutions may only be null and void if the imperative terms of the present order are violated, or if one of the general causes of nullity of contracts should arise.

Any action in nullity shall be extinguished when the cause of nullity ceases to exist on the day in which the court shall judge on the facts in the first instance, save if this nullity is based on the illegality of the purposes of the group.

Clauses 1844-12 to 1844-17 of the Civil Code shall be applicable to economic interest groups.

Cl.4 - Members of a group shall be held liable for the debts of the latter against their own assets; (*Law n° 89-377 of 13th June 1989, cl.20*) nevertheless a new member may, if the contracts so allows, be exonerated from any debts arising prior to his entry into the group. The decision to exonerate must be published. (*Order n° 67-821 of the 23rd September 1967*). Save for any agreement to the contrary with a third contracting party, partners shall be jointly and severally liable.

(*Order n° 67-821 of the 23rd September 1967*) Creditors of the group may only pursue the payment of debts against a member after having notified the group by an unregistered deed in vain.

Cl. 5 - An economic interest group may issue stocks, under the general conditions for the issue of such instruments if it is exclusively composed of companies which satisfy the

conditions as set out in the law n° 66-537 of the 24th July 1966 on commercial companies for the issue of stocks.

(Law n° 85-698 of the 11th July 1985, clause 15) An economic interest group may also issue stocks, under the general conditions for the issue of such instruments as set out in the law n° 85-698 of the 11th July 1985 authorising the issue of paper instruments by certain associations if it is itself made up exclusively of associations which meet the conditions set out by this law for the issue of stocks.

Cl. 6 - The economic interest group contract shall determine the organization of the group, subject to the provisions of the present order. It shall be set out in writing and published according to the terms set out by decree.

It shall in particular contain the following indications:
1. The name of the group;
2. The name, trading name or corporate name, legal form, address of domicile or registered office and, if appropriate, the registration number at the commercial (*and company*) registry or in the trades register, of each of the group members;
3. The duration for which the group is constituted;
4. The purpose of the group;
5. The address of the group's registered office.

Any changes in the contract shall be drawn up and published in the same conditions as the contract itself. They may only be enforceable against third parties from the date of this publication.

Cl.7. - The group, during the course of its existence, may accept new members under the terms set up by the contract which constitutes it.

Any member of the group may withdraw under the conditions set out in the contract, on condition that he has carried out his obligations.

Cl. 8 - A meeting of the members of the group is authorised to take any decisions, including one to liquidate early, or to extend, according to the conditions set out in the contract. The latter may require that all decisions of certain of them must be taken in terms of quorum and with a majority which it sets out; if the contract is silent, decisions must be unanimous.

The contract may also attribute to each member a number of votes which is different from that allocated to others; failing this, each member shall have one vote.

Any meeting must obligatorily be called at the request of at least one quarter of the group members.

Cl. 9. (*Law n° 89-377 of the 13 June 1989, cl.21*) - The group shall be administered by one or more persons. A body corporate may be appointed as director for the group on condition that it nominates a permanent representative, who shall bear the same civil and penal responsibilities as if he were a director in his own right. The director (s) of the group, and any permanent representative of a body corporate appointed as director shall be responsible, individually or jointly as the case may be, towards the group or towards third parties, for any breach of legislative or regulatory provisions which apply to groups, for any breaches of the articles of the group, in addition to for any management defects. If several directors have taken part in the same events, the courts shall determine the extent of the contribution of each of them in the reparation of damages. (*Order n° 67-821 of the 23rd September 1967*) Save for this condition, the group contract or, failing this, the meeting of the members may freely organise the administration of the group and appoint such directors with such functions powers and conditions for dismissal as it chooses.

(*Order n° 67-821 of the 23rd September 1967*) In relations with third parties, a director may bind the group by any deed which is covered in the purposes of same. Any limitation of powers shall not be defendable against third parties.

Cl. 10 (*Order n° 67-821 of the 23rd September 1967*). - Management control, which must be entrusted to physical persons, and accounting control shall be exercised under the conditions set out in the contract which constitutes the group.

(*Law n° 84-148 of the 1st March 1984, cl. 24*) Nevertheless, when a group issues stock under the conditions set out in clause 5, management control must be exercised by one or more physical persons appointed by the meeting ; the duration of their duties and their powers shall be determined in the contract.

(*Law n° 84-148 of the 1st March 1984, cl. 24*) Accounting control in groups covered by the previous paragraph and in groups which have one hundred or more employees at the cut-off of an accounting period must be exercised by one or more auditors chosen from the list referred to under clause 219 of the law n° 66-537 of the 24th July 1966 as amended on commercial companies and appointed by the meeting for the duration of six accounting periods. The provisions of said law concerning incompatibilities, powers, duties, functions, responsibility, repudiation, revocation and remuneration of the auditors for public companies in addition to the penalties set out in clause 457 of the law of the 24th July 1966 referred to above shall be applicable to the auditors of economic interest groups save for the regulations which appertain purely to the latter.

(*Law n° 84-148 of the 1st March 1984, cl. 24*) In the cases covered in the two previous paragraphs, the terms of clauses 455, 456, and 458, 470 to 479 of the law referred to of the 24th July 1966 shall be applicable to the directors of the group, to the physical persons who are directors of company members or the permanent representatives of bodies corporate which administer such companies.

Cl. 10-1 ((*Law n° 84-148 of the March 1984, cl. 25*) - In groups ((*Law n° 88-15 of the 5th January 1988, cl. 35*) which meet the criteria set out in clause 340-1 of the law n° 66-537 of the 24th July 1966 on companies, directors shall be required to keep a balance of realisable and disposable

assets, excluding operating values, and demandable debts, forecast profit and loss accounts, and a table of loans in addition to the annual accounts and a forecast financing plan.

A decree of the Council of State shall define the frequency, periods and terms for drawing up such documents.

Cl. 10-2 (*Law n° 84-148 of the 1st March 1984, cl. 25*) - The documents referred to under clause 10-1 shall be analysed by written reports on the development of the group drawn up by the directors. The documents and reports shall be communicated to the auditor and to the works committee.

In the case of failure to observe the terms of clause 10-1 and the previous paragraph, or if the information given in the reports referred to under the previous paragraph require any observations on his part, the auditor shall notify this in a report to the directors or in the annual report. He may request that his report be sent to group members or that it be brought to the attention at the meeting of the members. The report shall be made known to the works committee.

Cl. 10-3 (*Law n° 84-148 of the 1st March 1984, cl. 25*) - The auditor shall ask for explanations in writing from directors who shall be required to answer, under the conditions and timing set by the Council of State, on any fact whose nature might compromise the continuity of operations which he might note in the course of his duties. Directors shall give an answer to the auditor within 15 days. The answer shall be conveyed to the works committee. The auditor shall inform Court's President.

In the case of failure to observe these terms, or if, despite the decisions taken, he notes that the continuity of operations remains compromised, the auditor shall prepare a special report. He may require that the report be addressed to the members of the group or that it be presented during the next meeting. The report shall be conveyed to the works committee.

If at the end of directors' meeting, the auditor notices that the decision taken will not secure the continuity of operations, he shall inform the Court's President of his interventions as well as their results.

Cl. 10-4 (*Law n° 84-148 of the 1st March 1984, cl. 25*) - The works committee or, failing this, the staff delegates shall exercise in economic interest groupings the attributions which are set out in clauses L. 422-4 and L. 432-5 of the Employment Code.

The directors shall convey to the auditor any requests for explanations made by the works committee or by staff delegates, any reports sent to them and the answers they have made in application of clauses L. 422-4 and L. 432-5 of the Employment Code.

Cl. 11- Deeds and documents issued by the group and destined for third parties, in particular the letters, invoices, advertisements and sundry publications must indicate the name of the group legibly followed by the words: (Law n° 89-377 of the 13th June 1989, clause 22) "groupement d'interet economique" [economic interest group] or the acronym "G.I.E.".

(*Order n° 67-821 of the 23rd September 1967*) Any breach of the terms of the above paragraph shall be punished by a fine of F 25 000F.

Cl. 12 - Any company or association whose purpose corresponds to the definition of an ecnomic interest group may be changed into such a group without giving rise to dissolution nor the creation of any new body corporate.

(*Law n° 89-377 of the 13th June 1989, cl.23*) An economic interest group may be changed into a company under a collective name without giving rise to dissolution nor the creation of any new body corporate.

Cl. 13 - An economic interest group shall be dissolved:
1. Through expiry of its term;

2. Through the realisation or extinction of its purpose ;
3. Through the decision of its members under the terms set out in clause 8;
4. Through judicial decision with just cause ;
5. Through the decease of a physical person or by the dissolution of a body corporate which is a member of the group, save for any provision to the contrary in the contract.

Cl. 14 - If one of its members were to be judged incapable, in personal bankruptcy or prohibited from administering, managing, directing or controlling a commercial company, in any form whatsoever, or of a common law non-commercial body corporate, the group shall be dissolved, unless its continuation is set out in the contract or the other members unanimously decide it.

Cl. 15 - The dissolution of an economic interest group shall bring about its liquidation. The legal personality of the group shall subsist for the requirements of the liquidation.

Cl. 16 - Liquidation shall take place in accordance with the terms of the contract. Failing this a liquidator shall be appointed by the meeting of group members or, if the meeting has not been able to carry out such appointment, by judicial decision.
After payment of debts, the excess of any assets shall be shared amongst the members under the terms set out in the contract ; failing this distribution shall be in equal shares.

Cl. 17 (*Law n° 89-377 of the 13th June 1989, cl. 24*) - The identification as "groupement d'interet economique" [economic interest group] or the acronym "G.I.E." may only be used by groups covered by the terms of the present order. Illicit use of this wording, this acronym or any expression of such a nature as to lead to confusion with such bodies shall be sanctioned by imprisonment for a year and a fine of F 40,000, or one of these penalties alone.

(*Order n° 67-821 of the 23rd September 1967*) The tribunal may, furthermore, order the publication of the judgment, at the costs of the convicted, in a maximum of three newspapers

and its being posted under the terms set out in clause 131-35 of the Penal Code.

Cl. 18. - Deeds for the formation of economic interest groups shall bring about the collection of investment duties under the terms set out in clause 714, I (1st paragraph) of the General Tax Code.

Cl. 19. - Economic interest groups which are constituted and which operate in the terms set out in the preceding clauses shall not come into the field of application of clause 206, I of the General Tax Code, but each of its members shall be personally responsible, for the share of profits which corresponds to its rights within the group, either for income tax for physical persons, or for corporation tax if the member is a body corporate liable to such tax.

For the application of this term, apportionment shall be carried out under the conditions set out in the group contract, or failing this, in equal proportions.

Cl. 20 - 1. The change of a capital company or of a association constituted in accordance with the law of the 1st July 1901 into an economic interest group shall be deemed to be transfer of the company and shall bring about an assessment for corporation tax under the terms set out in clause 201 (1 to 3) of the General Tax Code.

II. 1. Such a change may, by way of exception to the terms of clause 111 *bis* of the General Tax Code, be carried out on payment of a lump sum tax of 15% of the profits and reserved whether capitalised or not.

This tax, which frees from any income tax shall be collected according to the rules and subject to the penalties which are applicable to stamp duties.

It is not accepted as deduction from the tax base of physical person income tax nor from corporation tax.

2. Apportionment carried out under the regulations defined in 1 shall not give rise to tax credits as referred to under clause 158 *bis* of the General Tax Code.

3. The application of the provisions of II (1 and 2) shall be subject to the condition that the deed which notes the change must be registered prior to the 1st January 1971.

Cl. 21. - The members of an economic interest group have the benefit of the same tax advantages as the members of approved companies constituted by order n° 59-248 of the 4th February 1959 and the groups referred to under section 2 of clause 38 *eight* of the General Tax Code, when the fulfil all the conditions set out by these terms.

Cl. 22 - With the exception of terms 18 to 21, the present order shall be applicable in the overseas territories and New Caledonia, in French Polynesia, the Comores, Saint Pierre et Miquelon and Wallis and Futuna.